Culver CITY

DAN PATACCHIA MEETING ROOM
9770 CULVER BOULEVARD
CULVER CITY, CALIFORNIA 90232-0507
CITY HALL Tel. (310) 253-6000
FAX (310) 253-6010

FINANCE ADVISORY COMMITTEE
MEETING AGENDA
Wednesday, June 10, 2015

PUBLIC COMMENT

The Finance Advisory Committee will listen to the public on any item on the agenda or item of interest that is not on the agenda. The Finance Advisory Committee cannot take action on any item not scheduled on the agenda. Such items may be referred for administrative action or scheduled on a future agenda.

If you wish to speak to the Committee, please complete a Speaker's Card and present it to the staff liaison before the agenda item is called. You will be called by name when it is your turn to speak to the Committee.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

Persons wishing to speak on agenda items will be called at the time the agenda item is brought forward. Comments will generally be limited to five minutes per speaker; however, a three-minute limit may be declared by the Chair for agenda items for which many Speaker Cards have been submitted.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

A total of twenty minutes shall be devoted to audience participation at the beginning of the agenda. Speakers will be called on in the order cards were received by City staff. If additional time is needed, the committee chair will allow for same at the end of the agenda.

When your name is called, please stand and state your name and city of residence. Speakers must limit their comments to five minutes. A three-minute limit may be declared by the Chair if there are a large number of individuals desiring to address the Council.

AUTHORITY OF PRESIDING OFFICER

Section 611 of the City Charter provides that during any public meeting, all persons shall have the right to address the City Council, and any City commission, board or committee, subject to reasonable rules of decorum and time limits established by ordinance or the presiding officer. Therefore the presiding officer may, from time to time, establish different time limits than those listed in this Agenda in order to effectively conduct Committee business.

CELL PHONES AND OTHER DISTRACTIONS

Use of cell phones, pagers, and other communication devices is prohibited while the Committee meeting is in session. Please turn all devices off or place on silent alert and leave the meeting area to use. During the meeting, please refrain from applause or other actions that may be disruptive to the speakers or the conduct of City business.

MEETING INFORMATION

Finance Advisory Committee Meetings are regularly scheduled for the second Wednesday of every month. Committee Agenda information is available at least 72 hours before each meeting via posting at City Hall, and on the City website. Information may also be accessed by calling the Finance Department at (310) 253-5865.

Agendas are
Available on the web at
www.culvercity.org

FINANCE ADVISORY COMMITTEE
REGULAR MEETING
AGENDA

Wednesday, June 10, 2015
7:00 PM
Dan Patacchia Meeting Room

CALL TO ORDER & ROLL CALL:

Goran Eriksson, Chair
Crystal Alexander, Vice-Chair
Mauricio Blanco, Member
Richard Hibbs, Member
Sean Kearney, Member
Alejandro Lara, Member
Steven Reitzfeld, Member
Joe Susca, Member
David Trovato, Member

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT – Items Not on the Agenda

CONSENT CALENDAR (*Consent Calendar items are considered to be routine in nature and may be approved by one motion. Public requests to discuss Consent Calendar items must be filed with the Secretary before the Consent Calendar is called.)*

C-1. Minutes of the May 13, 2015 Regular Meeting.

ACTION ITEMS *(Public requests to discuss Action Items must be filed with the Secretary before the item is called)*

A-1. (1) Receive Presentation from Public Works on Status of Regional Urban Runoff Mitigation Plan; (2) Discuss the Creation of Subcommittees; (3) (If Desired) Creation of Subcommittees; and (4) (If Desired) Appointment of Members to Such Subcommittees

A-2. Approval of Measure-Y Report for Transmittal to City Council

A-3. Receive Report from the Special Event Sponsorship Policy Review Ad Hoc Subcommittee

A-4. Discussion of Benchmarking Study

ITEMS FROM STAFF

S-1. Discussion of July Agenda

ITEMS FROM COMMITTEE MEMBERS

ADJOURN

THESE MINUTES ARE NOT OFFICIAL UNTIL APPROVED BY THE CULVER CITY FINANCE ADVISORY COMMITTEE

REGULAR MEETING OF THE CULVER CITY FINANCE ADVISORY COMMITTEE CULVER CITY, CALIFORNIA	May 13, 2015 7:00 p.m.

CALL TO ORDER & ROLL CALL

Chair Eriksson called the meeting of the Finance Advisory Committee to order at 7:00 p.m. in the Patio Meeting Room.

Members Present:
GORAN ERIKSSON, Chair
CRYSTAL ALEXANDER, Vice Chair
MAURICIO BLANCO, Member
RICHARD HIBBS, Member
SEAN KEARNEY, Member
ALEJANDRO LARA, Member
STEVEN REITZFELD, Member
JOE SUSCA, Member
DAVID TROVATO, Member

Staff Present:
Jeff Muir, Chief Financial Officer
Angelina Garcia, Assistant Chief Financial Officer
Erica McAdoo, Senior Budget Management Analyst
Michelle Villongco, Secretary

o0o

Pledge of Allegiance

Member Trovato led the Pledge of Allegiance.

o0o

Public Comment for Items NOT On the Agenda

Chair Eriksson invited public comment.

No cards were received and no speakers came forward.

o0o

Consent Calendar

Item C-1

Meeting Minutes

The FAC discussed the forecast for the mid-year budget vs. the forecast for the current budget.

THE FAC PASSED A MOTION APPROVING THE MINUTES FOR THE REGULAR MEETING OF APRIL 8, 2015.

o0o

Action Items

Item A-1

Receive Presentation from CFO on 2015-16 Proposed Budget

Jeff Muir, Chief Financial Officer, reported that he had not been able to present the budget at the May 11, 2015 City Council meeting due to the meeting running late so the FAC would be seeing the first version of it; he provided a presentation on the 2015-2016 budget noting that a copy was available online; he indicated that the Budget Message provided a good overview, backed by extensive detail; he discussed the Proposed Reductions and Enhancements listing; and the differences between last year's budget and the current budget.

Discussion ensued between staff and Committee Members regarding the current economy; Urban Runoff Compliance; estimated costs; effects of the decision from the City Council regarding the Rental Assistance Program (RAP); clarification that the Parking Authority is not in the Enterprise Fund; costs to convert positions in the Police Department; the number of sworn Police Department vacancies; contract classes; staffing level of the Housing Division; money managed by the programs vs. administrative costs; clarification regarding Other Taxes; Property Taxes; the Five Year Forecast; the sunsetting of Measure Y; the Homeless Services Contracts; the Increased Prefunding of Long-Term Housing Liability; and gradual reductions to RAP costs and staffing.

Jeff Muir, Chief Financial Officer indicated that departmental presentations for the Budget hearings would take place on May 18-19, 2015 in Council Chambers and he discussed the process and time frame for budget approval.

Additional discussion ensued between staff and Committee Members regarding the Urban Runoff Program; the Regional Water Quality Control Board; and the status of current litigation.

o0o

Item A-2

Receive Report from the Special Event Sponsorship Policy Review Ad Hoc Subcommittee

Member Hibbs reported on the meeting of the Special Event Sponsorship Ad Hoc Subcommittee noting that they had reviewed the new Special Events application and criteria; consulted Newport Beach on their application, criteria and process; and he questioned whether staff could help the subcommittee make changes to the Newport Beach process to adapt it to work for Culver City, and with getting something ready for City Council consideration.

Discussion ensued between staff and Committee Members regarding the submission period for community events; application criteria; the benchmarking model; the application form; the grant agreement; and the discussion was continued to the June 10, 2015 Finance Advisory Committee meeting.

o0o

Item A-3

Receive Update on Transient Occupancy Tax (TOT) Revenues as Related to Short-Term Rentals and, if Desired, Provide a Recommendation to the City Council

Jeff Muir, Chief Financial Officer, reported emailing the report to Committee Members.

Discussion ensued between staff and Committee Members regarding tightening up the code as it relates to short term rentals; the need to amend the zoning code; cities that have allowed or banned the practice; whether to discuss the matter as a body to make a recommendation to the City Council; the actions of Santa Monica; enforcement; competition; leveling the playing field; preserving City revenue; over 30 day rentals; raising rental rates in the area; vacation rental companies; converting rentals to Air BnB units; pushing up rents; lost revenue; enforcement; public perception; whether revenue derived from taxing Air BnBs would offset expenses to regulate it; whether to tax and license Air BnBs; the reason for establishing laws and regulations; following zoning laws; licensing requirements; proof of insurance; invalidation of insurance if you operate an Air BnB; whether a license is needed to rent out your home; business tax certificates; triggers for7 licensing requirements; leasing; what body has purview over the matter; additional revenue being generated by people staying in the City; practices of other cities; and making a recommendation that the City Council to direct the Planning Commission to look at the issue.

THE FAC PASSED A MOTION THAT THE FINANCE ADVISORY COMMITTEE RECOMMEND THAT THE CITY COUNCIL DIRECT THE PLANNING COMMISSION TO REVIEW THE CITY'S ZONING CODE AS IT RELATES TO SHORT-TERM RENTALS IN RESIDENTIAL AREAS, PRIOR TO ANY FURTHER CONSIDERATION OF THE APPLICATION OF TRANSIENT OCCUPANCY TAXES TO SUCH RENTALS.

Additional discussion ensued between staff and Committee Members regarding fees for rental property licenses.

o0o

Item A-4

Discussion of Benchmarking Study

Erica McAdoo, Senior Budget Management Analyst, discussed the use of box.com for Subcommittee collaboration on draft report; sharing information; examination of subcommittee data; and she agreed to send instructions in an email with the specific links to make changes.

Discussion ensued between staff and Committee Members regarding the process for sharing; making changes to the documents; merging changes; links for specific subcommittees; the report outline; the analysis draft; and the discussion was continued to June 10, 2015.

o0o

Items from Staff

Item S-1

Discussion of June Agenda

Jeff Muir, Chief Financial Officer, discussed upcoming agenda items for the June meeting including a presentation from Public Works regarding the Urban Runoff issue, the Benchmarking Study, and Measure Y.

o0o

Items from Committee Members

Chair Eriksson discussed making presentations to the public about the budget and Measure Y at meetings of City groups like the Rotary Club, the Exchange Club, the Chamber of Commerce, etc.

Discussion ensued between Committee Members and staff regarding public outreach; City Council support; staff involvement; additional comments and questions; and suggestions for groups that might be appropriate for the presentation.

o0o

Adjournment

There being no further business, at 8:51 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, June 10, 2015 at 7:00 p.m. in the Dan Patacchia Meeting Room.

o0o

Michelle Villongco
SECRETARY of the Culver City Finance Advisory Committee
Culver City, California

APPROVED

Goran Eriksson
CHAIR of the Finance Advisory Committee, Culver City, California

I declare under penalty of perjury under the laws of the State of California that, on the date below written, these minutes were filed in the Office of the City Clerk, Culver City, California and constitute the Official Minutes of said meeting.

Martin R. Cole
CITY CLERK

Date

City of Culver City, California

Finance Advisory Committee Agenda Item Report

Meeting Date: 06/10/2015	Item Number: A-1
AGENDA ITEM: (1) Receive Presentation from Public Works on Status of Regional Urban Runoff Mitigation Plan; (2) Discuss the Creation of Subcommittees; (3) (If Desired) Creation of Subcommittees; and (4) (If Desired) Appointment of Members to Such Subcommittees	
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (06/04/15)	
Department Approval: Jeff Muir (06/04/15)	

RECOMMENDATION:

Staff recommends the Finance Advisory Committee (FAC) (1) receive a presentation from the Public Works Department on the status of Regional Urban Runoff Mitigation Planning; (2) discuss the creation of subcommittees; (3) (if desired) create subcommittees, (4) (if desired) appoint members to such subcommittees.

DISCUSSION:

Item No. 6 of the FAC Work Plan is to “Review and make recommendations for addressing urban runoff (formerly referred to as stormwater) requirement compliance.”

At the January 8, 2014 Meeting, the FAC received an initial presentation from the Public Works Department of preliminary estimated impacts of the Federal Clean Water Act, National Pollutant Discharge Elimination System (NPDES) permit program on the City of Culver City. Of special consideration for the FAC were cost estimates, in effort to begin the process of evaluating mechanisms to account for the new, costly unfunded mandated price tag of City NPDES compliance. With consideration of how the City is situated within two disparate watersheds with inflows from multiple jurisdictions, the City opted to work collectively along with all agencies in both watersheds to develop its Enhanced Watershed Management Programs (EWMPs). Per the recommendation of the Public Works staff, it better served the Committee to table further discussion until the completion of this plan, at which time Public Works would return with more concrete figures.

Development of the Regional Urban Runoff Mitigation Plan is now complete, with approval by City Council required to the Los Angeles Regional Water Quality Control Board (RWQCB) on or before June 28, 2015 in order to comply with NPDES permit requirements. The Public Works will be providing an updated presentation with new fiscal impact projections to the FAC for review and discussion.

Urban Runoff Mitigation Funding in Fiscal Year 2015-16

As discussed during the FAC Meeting on May 13, 2015, included in the Fiscal Year 2015-16 Proposed is a newly established Urban Runoff Mitigation Fund, which will be used to account for all future activities associated with the mitigation and clean-up of urban water runoff. Additionally, in effort to make some strides towards reducing City runoff and due to a unique opportunity, the City Manager has recommended funding two initial projects in the Fiscal Year 2015-16 Budget:

> "Currently, there is an opportunity to partner with Costco on a large-scale infiltration project on their property. Costco is already required to infiltrate flows from their site as a condition of their redevelopment project. The proposed project would accept Costco flows and runoff from a significant area of the neighborhood surrounding the site. If the project were to be completed, it would put Culver City into compliance for the Marina del Rey Harbor watershed. Given such a unique opportunity to reach full compliance for this watershed in a single project, I am recommending funding for the City's share of the project ($4.02 million) be transferred from the General Fund. This transfer is intended to be structured as a loan, and if in the future some form of special tax is approved, repayment of this loan would be an allowable expenditure.
>
> Also recommended is a project to capture all runoff from the City's refuse transfer station and divert it into the sanitary sewer system. This project is funded by a transfer from the Refuse Fund. Funding for a green street master plan and a median infiltration design report has also been included. Finally, funding for a consultant to gauge the City's ability to place a special tax before the electorate to fund urban runoff mitigation activities has been included. This will allow us to determine the public interest in addressing these needs, and what level of funding might be realistic. ." *(From the Fiscal Year 2015-16 Proposed Budget Message)*

Next Steps

City staff recommends the FAC receive a presentation from Public Works on the status of the Regional Urban Runoff Mitigation Plan. Thereafter, it is recommended that discussion continue for the purpose of making a recommendation to the City Council to address urban runoff requirement compliance. If the desire of the FAC, a subcommittee can be created and if further desired, members appointed to such subcommittee.

ATTACHMENTS:

None.

MOTION:

That the FAC:

(1) Receive presentation on status of Regional Urban Runoff Mitigation Plan; and

(2) Discuss the potential creation of subcommittees; and

(3) (If desired) Create subcommittees; and

(4) (If desired) Appoint members to such subcommittees.

City of Culver City, California

Finance Advisory Committee Agenda Item Report

Meeting Date: 06/10/2015	Item Number: A-2
AGENDA ITEM: Approval of Measure Y Sales Tax Status Report for Transmittal to City Council.	
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (06/04/15)	
Department Approval: Jeff Muir (06/04/15)	

RECOMMENDATION:

Staff recommends that the Finance Advisory Committee (FAC) approve the Measure Y Sales Tax Status Report and authorize transmittal to City Council.

DISCUSSION:

Item 2 on the FAC Work Plan is to ‘Develop a methodology to analyze Measure Y proceeds and report the results to the public.’ The attached Measure Y Status Report is a simple, one-page report that provides some background information on Measure Y, and shows budget versus actual results by fiscal year, top 25 Measure Y sales tax producers and the cumulative total received.

With approval of the FAC, and incorporating any changes requested by the FAC, staff will transmit this report to the City Council.

ATTACHMENTS:

- Measure Y Sales Tax Status Report V - Draft

MOTION:

That the FAC:

(1) Discuss the Measure Y Status Report;

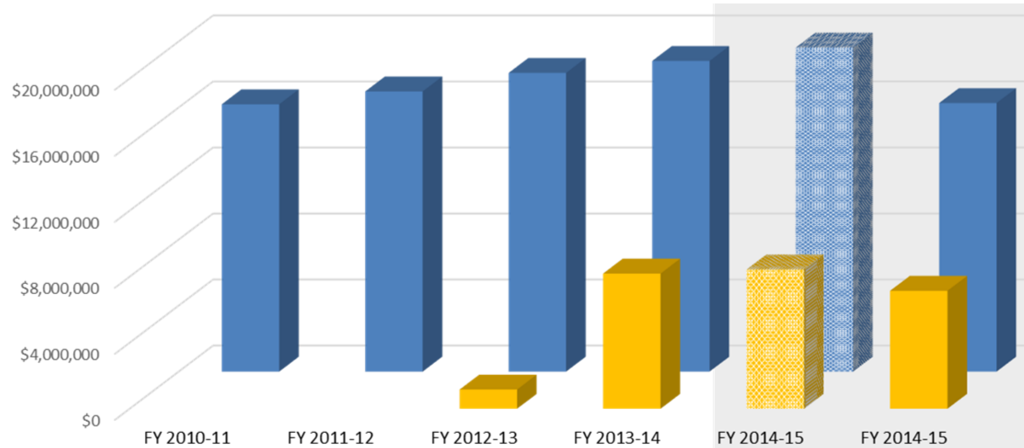
(2) Make recommendations to Staff; and

(3) Authorize transmittal to City Council.

Measure Y Sales Tax Status Report V:

The purpose of this report is to provide the Council and residents a status update on Measure Y revenue activity that occurred in the City. This report captures Measure Y sales tax collections through the third quarter of the 2015 Fiscal Year.

CULVER CITY SALES TAX REVENUES



	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 Rev. Budget	FY 2014-15 (Jul-Mar)
Measure Y			$1,163,591	$8,189,558	$8,440,000	$7,145,659
Sales Tax	$16,192,369	$16,970,122	$18,095,663	$18,817,179	$19,631,000	$16,266,716

FISCAL YEAR 2015: QUARTER 3 MEASURE Y REVENUES

During the third quarter of Fiscal Year 2015, Measure Y sales tax remain strong with an additional $2.1 million in revenues generated for the City. Fiscal Year 2015 receipts now total just over $7 million, or 84.7 percent of budgeted revenues. Total Measure Y revenues are $0.5 million (0.7 percent) higher than this point last year. While Consumer goods continue to drive Measure Y sales tax revenues through the third quarter, business and industry totals also proved a major driver.

Cumulatively, a total of $16.5 million in revenues has been raised since the measure's implementation.

TOP 25 MEASURE Y SALES TAX PRODUCERS

(in alphabetical order)

Amazon Com	Macys
Arco AMPM	Nordstrom Rack
AT&T Mobility	Old Navy
Best Buy	Ralphs
Best Buy Gov Llc	Ross
City of Culver City	Samys Camera
Costco w/Gas	Target
Foot Locker	Tesoro
Forever XXI	TJ Maxx
H & M	Toys R Us
Illumina Inc	Verizon Wireless
JC Penney	Victoria's Secret
	Vons

Source: *HdL Companies, Culver City Measure Y Sales Tax Update*

Measure Y funds are budgeted as part of the annual budget approval process by the City Council. Funds received are deposited into the City's General Fund and allocated to sustain general municipal functions.

Measure Y is a voter-approved one-half percent transaction and use tax adopted to maintain City of Culver City critical services. With limited exceptions, the transactions and use tax is imposed on the same goods and merchandise as the local sales and use tax. The 10-year measure gained overwhelming voter approval in November 2012 and went into effect April 2013 to provide necessary resources to resolve the City's structural deficit issues and continue services at existing levels. Measure Y contains a sunset provision, which will result in the expiration of the measure on March 31, 2023 if not reauthorized by voters.

City of Culver City, California

Finance Advisory Committee Agenda Item Report

Meeting Date: 06/10/2015	Item Number: A-3
AGENDA ITEM: Receive Report from the Special Event Sponsorship Policy Review Ad Hoc Subcommittee.	
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (06/04/15)	
Department Approval: Jeff Muir (06/04/15)	

RECOMMENDATION:

Staff recommends the Finance Advisory Committee (FAC) receive a report from the Special Event Sponsorship Policy Review ad hoc subcommittee.

DISCUSSION:

On November 10, 2014, the City Council directed the FAC to review a policy for City support of special events for City Council consideration. The City Council receives regular requests for funding assistance and sponsorship for special events. Sponsorship requests for the City have been historically approved on a case-by-case basis in the form of fee waivers for City permits and staffing costs, cash sponsorships or financial reimbursements. The fiscal effect of the increasing volume and value of requests has generated concern by Council members.

During the December 10, 2014 FAC Meeting, the Special Event Sponsorship Policy Review ad hoc subcommittee was formed to research and provide suggestions to the Committee at large.

At the May 13th FAC Meeting, the Subcommittee reported on the development of criteria including a defined submission period for community events; application criteria; the benchmarking model; the application form; and a grant agreement. Discussion was continued to the June 10, 2015 Finance Advisory Committee meeting, where the Subcommittee will provide further information.

ATTACHMENTS:

None

MOTION:

That the FAC:

(1) Receive a report from the Special Event Sponsorship Policy Review ad hoc subcommittee.

City of Culver City, California

Finance Advisory Committee Agenda Item Report

Meeting Date: 06/10/2015	Item Number: A-4
AGENDA ITEM: Discussion of Budget Benchmarking Study.	
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (06/04/15)	
Department Approval: Jeff Muir (06/04/15)	

RECOMMENDATION:

Staff recommends that the FAC continue its discussion and recommendation on the Budget Benchmarking Study.

DISCUSSION:

Item 3 of the FAC Work Plan is to 'Undertake a Budget Benchmarking Project to compare where and how Culver City spends and receives money to selected similar communities. Analyze possibilities for alternative service delivery methods.'

Discussion of this Work Plan Item is being continued from the May 13th FAC Meeting. The FAC has reviewed municipalities throughout the State of California and has narrowed the scope of cities for comparative analysis from 478 to 8 cities. During the May meeting, the FAC resumed its review among three ad hoc Benchmark Review Subcommittees and staff.

The FAC will continue its review of Subcommittee data and draft analyses. The FAC will further review and update the Benchmarking Study Project Plan to determine next steps for project.

ATTACHMENTS:

- Budget Benchmark Project Study Plan - DRAFT

Finance Advisory Committee
Draft Budget Benchmarking Study Project Plan